THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

December 8, 1945

HURLEY'S RESIGNATION

AN EDITORIAL

North China Bridge To War?

By Tuan-Sheng Chien

Universities Assume New Role

Is Currency Stabilization Desirable?

By John Ahlers

FOUR YEARS AGO TODAY

AN EDITORIAL

VOLUME 100 PRICE CNC$100 NUMBER 2

中國通商銀行

THE COMMERCIAL BANK OF CHINA

HEAD OFFICE: CHUNGKING

With Branches and Sub-Branches Throughout China Serving over the past 50 years, Transacting Modern Banking Business of Every Description.

Shanghai Branch: 7 The Bund, Shanghai - Telephone: 15550-15559
Sub-Branches: 445 Ave. Edward VII, Shanghai - Telephone: 81421
611 Ave. Joffre, Shanghai - Telephone: 83844
105 Quai de France, Shanghai - Telephone: 83232

William Hunt & Company

Federal Incorporated, U.S.A.

53 Foochow Road, Telephone 18695

Exclusive China Distributors for

Allis-Chalmers Manufacturing Co. Tractor Division
American Broach & Machine Co.
American Chain & Cable Co., Inc.
Associated Seed Growers, Inc.
The Bahnson Company
Barco Manufacturing Co.
Blaw-Knox Co.
Boeing Aircraft Co.
Boeing Airplane Co.
Buckeye Traction Ditcher Co.
The Buda Co.
Buffalo Fire Appliance Co.
Buffalo Forge Co.
Buffalo Springfield Roller Co.
Chain Belt Co.
Chase Brass & Copper Company
Cocker Machine & Foundry Co.
The Columbian Vise & Manufacturing Co.
Consolidated Expanded Metal Companies
Davis Furber Machine Co.
Dodge Manufacturing Corporation
Ellicot Machine Corporation
Everseal Manufacturing Co., Inc.
Fairbanks, Morse & Co., Inc.
Firestone Tire & Rubber Co.
Foster Wheeler Corporation
General Railway Signal Co.
Gruendler Crusher & Pulverizer Co.
H. & B. American Machine Co.
Hanchett Manufacturing Co.
Hersey Manufacturing Co.
Houchin Machinery Co., Inc.
James Hunter Machine Co.
Marion Steam Shovel Co.
Oilgear Co.
The Okonite Co.
Parks & Woolson Machine Co.
Pettibone Mulliken Corporation
Pittsburgh Lectromelt Furnace Corporation
Pullman Standard Car Export Corporation
N. Ransohoff, Inc.
Rockford Machine Tool Co.
Salmini Marine Supplies Co.
S. Morgan Smith Company
Southwestern Engineering Company
Sprout, Waldron & Co., Inc.
The Geo. L. Squier Manufacturing Co.
Steel Heddle Manufacturing Co.
Sullivan Machinery Co.
Alfred Suter Co.
Traylor Engineering & Manufacturing Co.
The Vaughn Machinery Co.
The V. & O. Press Co.
Wellman Engineering Co.
Westinghouse Electric International Co.
Whitcomb Locomotive Co.
The White Motor Co.
Williams Oil-O-Matic Heating Corporation

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of **The China Weekly Review.**

Too Critical

To The Editor:

I wish to commend you upon your editorial "'Life' and Ambassador Hurley," which appeared in the Review on December 1. On the whole, I felt it was a reasonable complaint against Life's rose-colored picture of China.

While we appreciate the efforts Life and other American publications are making toward arousing interest and understanding of China among the American people, we think that any "picture" of China should try to place things in their proper perspective.

On this score, I would like to make a slight criticism of your editorial. Although it effectively pointed out the falacies in the Life editorial, it, to me, seemed to err too much on the other side, "painting" too chaotic a picture of China.

For instance, one should not damn China for the seeming endless corruption and "squeeze" without first taking into consideration the fact that this largely is a result of centuries of living in an economy of scarcity, which makes the daily struggle for life extremely hard and makes it necessary for each person to look to his own livelihood before he does anything else. If the battle for existence were not so difficult and time consuming, the Chinese people would have time to devote their efforts to other things.

Most Chinese hope that China, granted that she before long will have internal peace, can seriously devote herself to raising the general economic level of the masses. We feel that if this can be done, many of the inherent, century-old evils will automatically disappear.

ING CH'I-LIANG

Shanghai,
December 4, 1945.

THE CHINA WEEKLY REVIEW

160 Chung Cheng Road (Eastern)
SHANGHAI

SUBSCRIPTION RATES:

Local Delivery:		
	3 months	CNC$1200.
Outport (Air Mail)		
	3 *months*	CNC$2000.
	6 months	*12 months*
Abroad:	US$ 4.50	US$ 8.00

(Cut here and mail to us)

Please enter my order for the Review for the period of..... months. Enclosed herewith is CNC$ .....

Name .....

Address .....

THE PARK HOTEL

A GREATER HOTEL IN SHANGHAI

ROOMS — DINING ROOM — BALL ROOM — BAR

Bubbling Well Road, (Opposite The Race Course) Shanghai, Tel. 91010

China's "New Deal"

To The Editor:

The Chinese people hail the creation of the Supreme National Economic Council as the "new deal" of Generalissimo Chiang Kai-shek and hope much will come from the council, which is placed under the chairmanship of Dr. T. V. Soong, in whom the nation places the utmost confidence....

In order that the government may be enabled to enlist the services of qualified technical experts, it is to be hoped that where individuals or a group of technical men have expressed their readiness to assume full responsibility for fulfilling the government's industrial plans in post-war rehabilitation, the council will allow them to submit such proposals as they are qualified in making. It follows that any technical expert who is capable of planning and *fulfilling* any one of the nine major branches (as listed by Generalissimo Chiang in his book "The Fate of China") of the industrial industries outlined by the Generalissimo should thereby qualify himself for appointment to the council.

The council would do well to issue public notifications calling upon such technical experts to submit proposals to the government for consideration so that the government may avail itself of their advice, views and experience at all times. Special technical sub-committees may also be formed under the council and any technical person fully qualified for undertaking and *fulfilling* any one of the minor branches of the industries should be appointed to become a member of such technical sub-committees.

It is important that the period of reconstruction should not be unduly prolonged and the above is one of the methods for achieving speedy results and for saving time, money and labor for the good of the country.

S.M.C.

Shanghai,
December 3, 1945.

3rd War Unlikely

To The Editor:

Your editorial "World Peace Endangered" in the Reivew of November 17 most educated and peace-loving people will not agree with. China's present CP begun trouble is really vital, but I don't believe that there will be any so-called World War III, for there are none foolish enough to attempt another Pearl Harbor. Further,

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"
J. B. POWELL, *Editor and Publisher*
JOHN W. POWELL, EDWARD ROHRBOUGH,
WALTER H. WIENER, *Editorial Dept.*
F. K. CHAO, *Business Manager* TRYPHON V. KU, *Advertising Manager*

Index for December 8, 1945

Editorial Paragraphs

Hurley's Resignation 19
Four Years Ago 20

Special Articles

Will North China Be Bridge To World War III?..*By Tuan-Sheng Chien* 21
China's Universities Assume New Role 22
Four Years Ago Today Japs Took Over Shanghai....*By S. E. Shifrin* 24
Compromise Suggested As Solution For Indies War.....
By Dr. Lin Wo-chiang 25
Is Currency Stabilization Desirable Now .....*By John Ahlers* 26
Marts Sag to Lower Level 30

Departments

What People Are Saying 17
News Of The Week 27
People In The News 28
Events In Brief 29
Business Foot-Notes 31
New Books of Interest 32

PUBLISHED AT 160 CHUNG CHENG ROAD (EASTERN), SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX OF PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES. COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 CHUNG CHENG ROAD (EASTERN) SHANGHAI, CHINA, CABLE ADDRESS: "REVIEWING SHANGHAI."

ALL EDITORIAL, TEXT AND OTHER MATERIAL IN THE WEEKLY ISSUES OF THE CHINA WEEKLY REVIEW IS COPYRIGHTED UNDER CERTIFICATE OF REGISTRATION NO. 9953 ISSUED BY THE MINISTRY OF INTERIOR OF THE NATIONAL GOVERNMENT.

it is not logical to consider "Communist Yenan" as having the same stature as the Central Government in Chungking and to compare the two with Russia and America.

What would you say if the CP in the United States occupied one state with armed force and refused to obey the federal government in Washington? No one can disregard the fact that the Central Government is recognized as the legal government by the entire world. The CP is merely one party, which should only have the right to criticize the government, not to begin a civil war.

We realize the many defects in our national administration and regret that many inadequacies do exist. However, it is only a question of changing some personnel in the government, as is frequently the case in other countries.

It is a pity that this situation should exist after eight years of resistance has brought us victory over the enemy. The influential foreign press of Shanghai is invited to point out to the government that one party rule should cease and that a political party truly representing the people should peacefully petition the government. However, any attempts at reform must be done by peaceful means and not by violence.

A MAN OF SCIENCE

Peipei, Szechwan,
November 29, 1945.

IN NEXT WEEK'S ISSUE

the

China Weekly Review
will Publish
an Organization

Chart of the Chinese
Government

Showing the Inter-Relations
of the Party and the
Army as well as the

Departmental Structure
of the National
Government.

The American Consulate General has received from the Department of State, Washington, D.C., the following information:

On October 11, 1945, the President of the United States signed an act amending Section 409 of the Nationality Act of 1940. The principal result of the amendment is to postpone, until October 14, 1946, the operation of Section 404 and 407 of the Act. These Sections, when operative, affect the citizenship status of naturalized Americans.

Do Your Shopping At the Home of Merchandise

The Sun Sun Co., Ltd.

SPECIALIZING IN NATIVE PRODUCTS
AND TRY OUR

SKY TERRACE

THE SUN SUN RESTAURANT
IN THE SUN SUN HOTEL

For Better Service, Enjoyment & Entertainment

720 Nanking Road Shanghai

新華信託儲蓄銀行

Sin-Hua Trust & Savings Bank

Head Office:
361 KIANGSE ROAD, SHANGHAI.
TELEPHONE 18109

紅人牌

Selected Leaves

Chieftain
Cigarettes

W. M. Waterman's Tobacco Corp.

THE CHINA WEEKLY REVIEW
密勒氏評論報
A Weekly Newspaper Established in 1917
中華郵政特准掛號認爲新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China
Vol. 100 Shanghai, Saturday, Dec. 8, 1945 No. 2

Hurley's Resignation

PATRICK J. Hurley's resignation, in an apparent fit of pique, as American ambassador to China and the subsequent appointment of Five-Star General George C. Marshall to the post this past week brought forth an unending flow of comment and speculation.

While it is entirely too early to comment intelligently upon the outcome of the Marshall appointment, and is probably too soon to delve into Hurley's past actions, since the matter of the latter's formally placing upon the record the wild charges he has been hurling about this week has not yet been settled, it is perhaps an opportune moment to go over some of the high points of Hurley's career during his term in China.

General Hurley, an extremely imposing man and heretofore successful diplomatic fixer-upper, came to China at the behest of the late President Roosevelt at what was perhaps the darkest moment in China's entire war of resistance. When Hurley arrived in China he found the military situation rapidly turning into a debacle, with the Japanese rushing unimpeded through all of South China and apparently well on the way to Kunming and Chungking. He found General Stilwell disgusted and infuriated and also persona non grata with the Chinese Government. He found U.S. Ambassador Clarence E. Gauss also disgusted with China and generally disliked in Chungking.

The outcome of Hurley's first "deal" was the firing by Generalissimo Chiang of General Stilwell, as well as several generally unpopular Chinese military and civilian officials, and the opening of negotiations in earnest between Chungking and Yenan. Thus at the time it seemed as if China were girding her loins for a final showdown defense against the Japanese. However, the Japanese military pressure eased up, either because the Japanese felt it more expedient to withdraw and cease its "aid" toward unification or because Japan felt it was biting off more than it could chew. The house cleaning in Chungking slowed down and some of the changes in personnel proved to be no changes at all. Also, the KCT-KMT talks broke down. Thus the "China situation" settled down to much the same pattern as in the past.

At this point Ambassador Gauss resigned and Hurley was prevailed upon by Roosevelt to succeed him for the "time being." Although Gauss' resignation came along with other resignations and replacements, it is generally felt that Gauss, who had been wanting to retire for some time, simply took what seemed to him a good opportunity to get out.

Hurley first turned his attention to solving the Chungking-Yenan impasse, which seemed to him a simple matter, since he found that both Chungking and Yenan liked him and expressed to him their willingness to agree to any reasonable compromise worked out by the American president's personal representative. Returning from his first visit to Yenan, Hurley reported himself well-impressed and very favorably inclined toward the Communists whom he said, seemed sincere and anxious to achieve national unity. Subsequently, he said the same thing after talks with officials in Chungking. He, as have many others, found both sides professing to be fighting for the same ultimate objective and perfectly willing to agree upon general principles. However, no agreement could be reached on the all-important details, such as to whether the Communists disband their army first, or are confirmed in their "special position" in the north first.

While these negotiations were going on, the reports from the American military and diplomatic mission in Yenan began to come in. They continually reported favorably upon conditions in the north and urged that the Communists should be brought into the war more directly so that their military force could be used more effectively. At the same time most of the observers in the American Embassy in Chungking began to urge upon Hurley a stronger stand in his negotiations with Chungking. Specifically they urged him to recommend to Roosevelt the withdrawing of all-out support of the Kuomintang and to use this support, or rather the threat of this support diverted to the Communists, as a bargaining point for bringing the KMT and the KCT to terms.

It has not been publicly explained just how or why it happened, but Hurley suddenly seemed to change his mind about China and declared that the only hope for the nation lay with the Kuomintang. Since his advisers differed, the feud began. Hurley accused men of long and honorable standing of being fools and of being in the pay of Moscow. He removed them from their posts and attempted to get them sacked from the foreign service. They, in turn, continued to submit their reports, defending their views and opinions. To appease Hurley such qualified China experts as John Davies and Jack Service were recalled to the United States. Hurley apparently felt that the mere fact that they continued working in various sections of the State Department in Washington, or were sent to new posts, constituted a doubt of his word.

Along with all this Hurley began to have "differences" with General Wedemeyer. Although stoutly denied by members of their respective staffs, it was an open secret in Chungking that Hurley and Wedemeyer, who returned to the United States early last March, left Chungking within a day of each other in separate planes, both apparently rushing home to lay their respective cases before President Roosevelt.

The outcome of their meetings with Roosevelt is not yet known, since the president died a few weeks later. In fact, Hurley was on his way back to China at the time. A clue, perhaps, might be contained in Edgar Snow's alleged conversation with Roosevelt which took place only a few days prior to the president's death. Snow, in his latest book, "Pattern of Soviet Power," credits the president with saying that he planned to continue to work with both governments of China.

Although in recent months, especially since the Japanese surrender, American policy in China has obviously been drifting toward all-out support of the Kuomintang, the "China situation" is still in the same general mess as when Ambassador Hurley arrived, no appreciable progress apparently having been made by Roosevelt's ace trouble shooter.

What touched off the ambassador's explosion is not yet clear. It may have been criticism of himself and our China policy which was voiced on the floor of Congress some two weeks ago, or, possibly, it may have been the result of a rebuke from the White House for his open endorsement of last week's highly-colored Life editorial, which as press agency dispatches reported, was an unheard of thing for an American diplomatic representative to do.

Whatever it was, it demonstrated several things. First, the hitherto unsuspected temperamental nature of Hurley, and an apparent lack of self-control. Second, it proved the long stated contention that our foreign policy is not what it should be, that it is confused and extremely indirect. Third, that things are not what they should be in the State Department and that a bit of tidying up is needed. Even if Hurley's charges are 100 percent false, they indicate a certain confusion and crossing of purposes in what today is one of the most important branches of the United States Government.

It is to be hoped that Hurley's charges will be investigated carefully and that, although the outcome will probably have little bearing on General Marshall's mission, it may serve to improve our foreign relations in the future. It also is to be hoped that such an investigation will be carried out by adequately equipped personnel, either from Congress or one of the Government's professional investigating bodies. Already there are signs that the investigation is being seized upon for personal and political purposes. First, Hurley refused to disclose his story to a closed session of Congress, demanding an open hearing. Obviously a full investigation cannot be brought into the open, for many pertinent documents must of necessity remain secret for a while longer. An open investigation would merely serve to allow Hurley to re-launch his already publicized wild and unsubstantiated charges, while at the same time preventing the presentation of top secret material which might refute such charges. Second, some of the demagogic, witch-hunting members of Congress already have announced their intentions of "seeking appropriations" to investigate the matter, obviously wishing only to obtain funds for another "Dies Committee" Red Scare.

This matter clearly belongs in the lap of the president. He should order a full dress investigation of not only Hurley's charges, but of the whole State Department and should see to it that it is done competently and carefully and not with the idea of "proving" this or that, but to honestly determine what is needed to straighten out America's foreign service which, in this very new post-war world, more than ever needs to be of first class quality and efficiency.

THE MIKADO

Four Years Ago

FOUR years ago today, on December 8, 1941, the Japanese sealed the China Weekly Review, causing the first suspension of publication in the Review's history. Going through out files this week, we re-read with considerable interest and noted, with pardonable pride, the last issue of the Review, dated Saturday, December 6, 1941. This issue contains the last prewar editorial written by Mr. J. B. Powell. It also contains editorials dealing with the last frenzied evacuation of foreigners from Shanghai, with Russia's recapture of Rostov, with British reverses in Libya, as well as several articles dealing with then current news, such as the arrival of Nazi Consul Fritz Wiedemann in Tientsin, new Japanese military moves against the Chinese Communists and others.

Mr. Powell's editorial, "War Looms Over Pacific," now seems especially apt, since two days after it was written the Japs launched their attack upon the world. The editorial begins:

"The Pacific has known many a turbulent period in the past few years, but never before has a crisis of such magnitude swept the broad expanse of the world's mightiest ocean than last week, when the apparent deadlock in the Washington negotiations between the United States and Japan brought the immediate threat of war to the Far East.

"Feverish preparations for a major conflict—with America, Britain, China, the Dutch East Indies and Australia lined up against Japan—were being conducted by the affected Powers when this issue went to press, and not even the most ardent follower of Far Eastern politics could predict what might happen in the next 24 hours."

The editorial regarding the evacuation of foreign residents also strikes a warning note and gives evidence of Shanghai's frame of mind four years ago today. It begins:

"While war clouds gathered in the Pacific and each day's news brought the imminence of a major conflict still nearer, numerous local residents either evacuated or made preparations to do so last week on receipt of advices from the American and British Consulate-Generals to leave the Orient."

The article telling of the removal of the Fourth U.S. Marines will stir the memory of many a Shanghailander. With the departure of the Marines, Shanghai was suddenly impressed by the fact that if war came, Britain and America had no intention of trying to defend the city. The article says:

"Finis to one of the most colorful chapters in Shanghai's stirring history was poignantly written on Thursday and Friday of last week when the Fourth United States Marines pulled out of this city for Manila on Washington's orders to 'clear the decks for action in the Pacific.'"

Four years ago, Shanghai was expecting war, but still the war came as a surprise. One of the stories then currently going the rounds was that the city had a little more time to live because Shanghai had a crisis only once every five years and it was pointed out that the next crisis was not due until 1942. The "logic" behind the assumption was established by recalling that the last previous crisis was in 1937, the one before that in 1932, and the one before that in 1927. Although Pearl Harbor and the Japanese surrender did not quite coincide with Shanghai's "schedule" of crises, the story undoubtedly still has followers. We definitely are not predicting anything for 1946 unless it be the full return of prosperity.

It gives us a comforting feeling to sit back in our old office today, four years later, and realize that Shanghai externally is much the same as before the war. It gives rise to a feeling of permanence, which in turn gives rise to a feeling of optimism. Shanghai has survived its "crises" and the recent world war. Surely it will continue to survive and sooner or later will once again become the prosperous commercial and industrial center that it formerly was.

Will North China Be The Bridge To World War III?

By TUAN-SHENG CHIEN

JOHN Carter Vincent, of the State Department, in a speech before the Foreign Policy Association on October 20 said that it had always been America's policy to make China a bridge of Russo-American cooperation in the Far East. The State Department is to be congratulated on this view, but the dismal side of the picture is that China might also be a bridge of Russo-American conflict.

With the disappearance of the German and Japanese Empires, with the virtual elimination of Great Britain as a world power, and with Soviet domination of the European continent having become a certainty, North China has come to inherit the unenviable prominence that once belonged to the Atlantic and Indian Oceans when the British and French Empires fought for supremacy and which later shifted to Middle Europe when Britain, Germany and Russia fought for a similar objective.

The fact is that today the United States and the Soviet Union are the only real contenders for world supremacy, with their meeting ground being located in North China or, to be more exact, in Manchuria.

For a while, Europe will continue to appear as the bone of contention on account of Britain's understandable refusal to be shifted into the ranks of second grade powers and on account of American interest in the destinies of European nations from which the Americans came.

Britain, therefore, might contest with Soviet Russia for the control of Europe. But when all the nations living in Middle or Eastern Europe have been brought into the Soviet orbit, and when Great Britain, France and the Netherlands—Britain's natural allies—are absorbed in their colonial and economic problems, Soviet domination of Europe will have become such an established reality that even the vociferous racial groups of America will soon lose interest in retrieving lost ground. Take the case of Poland, for instance: Soviet objectives and methods in Poland have not changed materially since the days of the occupation by the Red Army. American Poles, however, are no longer denouncing those objectives with the same vehemence and insistence as they employed prior to and immediately after the Yalta conference.

The fortunes of World War II have brought the United States and the Soviet Union face to face in North China, which had been the football of Russo-Japanese rivalry for over half a century. If there is to be war between the United States and Soviet Russia, North China will be the deciding factor. With the Soviet Union controlling North China, American air and naval bases in the Western Pacific will be of little use. Conversely, if the United States controls North China, the American menace to Soviet Siberia will be direct. Apart from strategic considerations, however, North China by itself, densely populated and richly endowed with natural resources, represents a valuable asset.

Thus even if there were no civil war in those regions, one has sufficient reason to feel not a little uneasy over the sinister prospects opened up by the rivalries of the big powers.

The present civil war, however, raging in these very parts renders North China a veritable powder magazine. The Chungking forces, backed by a large number of American Marines, are fighting Communist forces, which may ultimately count on the support, however indirect, of the Soviet Union. In other words, as the civil war is spreading over a wider territory, the position of the United States and the Soviet Union respectively is rapidly approaching the position of the Axis and the Soviet Union in the Spanish civil war. The governments of both the United States and Soviet Russia seem to be convinced that by siding with one group or the other in China's civil war they might improve their hold on North China.

By the Sino-Soviet treaty the Soviet Union has already secured the powerful naval base of Port Arthur and other accessories, and by letting the regime friendly to her control North China and by discriminating against the regime hostile or less friendly to her, the Soviet Union may think that she is only implementing the meaning of the Sino-Soviet treaty.

The United States is now temporarily controlling Japan and will most certainly be in permanent control of Okinawa. By siding with the regime which she thinks will choose her side, should she enter into conflict with the Soviet Union, the United States also seems to follow a consistent policy. Yet, both countries seem to be blind to the plain truth that by taking sides they not only encourage civil war in China but also entangle themselves to an ever increasing degree in the Far Eastern imbroglio.

In order to get out of this vicious circle it might be very useful for all of us—Americans, Russians, and Chinese—to start with the idea that both the present civil war and the threatening American-Russian war can still be avoided and that there can be worked out a compromise in China which might help maintain world peace.

Let us concede that the legitimate interests of the Soviet Union make it necessary for her to have friendly nations at her Asiatic and European borders. If we are to contest this policy or to attribute to Russia aggressive designs, we shall be faced with a showdown with the Soviet Union.

But if we make this concession, the probable outcome will be that the Soviet Union will trust her allies and will become more cooperative in matters of common international concern.

China, however, must be a united nation before she can make such a concession, since a civil war in China would inevitably draw one faction nearer to Moscow than the other and would encourage the use of arms. In view of this situation, the Sino-Soviet Treaty of August 14 was a godsend, for in this treaty the Soviet Union pledged her support to one government, the National Government of Chiang Kai-shek. Such a pledge could have enabled the Kuomintang to unify the country if it had only shown more liberalism and competence than heretofore demonstrated.

But instead, a whole series of misfortunes have lately befallen China. Civil war is going on in earnest in North China and Chinese National Government troops were prohibited from landing in Dairen and other Manchurian ports. The outcome was a widespread suspicion that the Soviet Union was conniving at Communist infiltrations.

Yet, neither suspicion nor rancour will improve the Chinese impasse, which can be solved only by a unified China, which is able to befriend both the United States and the Soviet Union.

A Chinese faction that allows itself to be backed by either contender for world supremacy might gain a temporary advantage over the rival faction or factions, but in the long run the successful faction, together with the whole Chinese nation, will become the victims of an intensified Soviet-American conflict.

While China herself could do much to prevent North China from becoming Balkanized, it is above all the United States that wields the deciding influence. I shall not belabor the point, however, that by landing a large number of Marines in North China the United States has in fact already intervened in China's civil war and may have caused bad feelings in the Soviet Union which has just come into lawful control of Port Arthur.

What is more important is to ascertain just what is the present policy of the United States both in regard to the Soviet Union and to China. If that policy aims at an eventual war with Soviet Russia, then it is reasonable for the United States to get a foothold in North China. But if a wiser course is envisaged and the United States

is seeking for a means for peaceful cooperation with the Soviet Union and for the establishment of a strong and independent China, then American actions taken in China since the Japanese surrender have had an opposite effect. It might even be thought that these actions have encouraged civil war in China and have brought about neither a stronger nor a more united China. On the contrary, these actions have, together with the atomic policy of the May-Johnson Bill, further dimmed the prospects of Soviet-American cooperation.

However, joint Soviet-American insistence on a peaceful solution of China's domestic difficulties may have all the prospects of success. Therefore, let America first withdraw her Marines from the war zones and, secondly, let the United States assure both the Chinese people and the Soviet Union that the United States has no intention to help, however indirectly, one side or the other. Let the United States further declare that she will be ready, once there is a united government, to assist China in her work of reconstruction. Thirdly, let President Truman seek the cooperation of Generalissimo Stalin in putting pressure on both Chinese groups for a peaceful solution.

When these steps are taken, those Chinese groups who are in favor of a Chinese coalition government as against the armed domination of one party will be able to gather enough strength to compel both sides in China's present civil war to participate in such a government, and thus North China will be prevented from fast becoming the fuse that might ignite a Russo-American conflict ultimately leading to World War III.

EAT AT

Jimmy's

133 Nanking Road

Shanghai

Branch 11-3 Rue Montauban

"First Shanghai Reading Circle" has resumed its Magazine Circulating Service. 14 American Magazines of 1945 monthly. Change 3 times weekly. Delivery anywhere. Also special technical and Children subscriptions. Details: 53063. 9-12 3-6. Saturday 9-1 Sunday 10-12.

China's Universities Assume New Role

IN view of the current student protests against the Ministry of Education's ruling that all students who attended puppet or Japanese controlled schools must submit to re-education and examination before continuing their education, it might be well to appraise the general university situation in China at present.

Undoubtedly the war years, with their attendant hardships, have brought about a considerable change in the complexions of both students and teachers. Although the change undoubtedly has been most marked among those who made the "long trek" to the west, the students and professors who remained behind and carried out their work under almost equally great hardships must have been affected only slightly less.

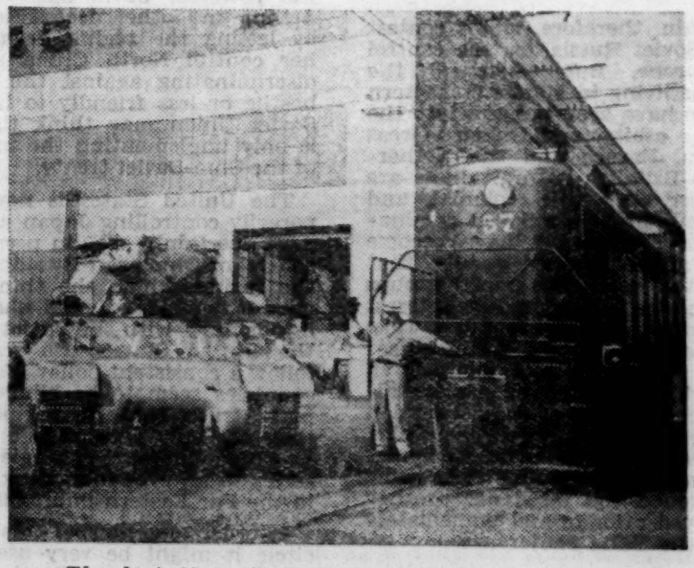
The result is that only the "real" students and teachers are left, those with merely a superficial interest in learning having long since moved to more profitable fields. This group now feels that it suffered as much as any other during the war and is now beginning to raise its head to demand a voice in the affairs of the nation. Previously the students went to school to prepare for the future, but now, they desire to partake of the affairs of the nation even before they matriculate. They have taken a page from the notebooks of the student movements in other countries.

Perhaps the most impressive example of the new mood and tenor of China's universities has been expressed by the students and faculty members at Lienta or the National Southwest Associated University at Kunming. Including Peking University, Tsinghua University and Nankai University, Lienta has long been known in the southwest at a "fortress of democracy," because of the outspoken manner of its members.

Perhaps the main reason for its prominence was the fact that in Kunming there was allowed more freedom of expression and there was less fear of arrest for engaging in "subversive activities" than in most other places. This was largely because Yunnan's former governor, General Lung Yun, allowed students, professors and other intellectuals almost unlimited freedom to criticize, as long as their criticism was directed away from him and, preferably, toward Chungking, thus giving him the reputation of being "liberal" and at the same time causing embarassment to the Central Government.

The last major bit of outspokeness to come from Lienta was on October 1, ten days before the Kuomintang and the Communist Party issued their joint communique in Chungking, when 10 professors of Lienta, including Dr. Sirow Chang (張奚若), Dr. Chen Daisun (陳岱孫), Dr. Chien Tuan-sheng (錢端升), Dr. Chow Ping-lin (周炳琳), Dr. Chen Shueh-chien (陳序經), Dr. Tang Yun-t'ung (湯用彤), Dr. Wu Tsi-chun (吳之椿), Dr. Li Chi-tung (李繼侗), Professor Wen I-to (聞一多) and Professor Chu Chi-chin (朱自清) addressed a joint telegram

CONVERSION TO PEACE



The last M-36 tank destroyer to be produced at the American Locomotive Company's plant in Schenectady, New York, makes way for a new 1000 horsepower diesel-electric locomotive. The plant is now fully reconverted to peacetime work, turning out locomotives and other railway equipment to replace America's war-worn rolling stock.

to "Messrs. Chiang Kai-shek and Mao Tze-tung," requesting the Kuomintang and the Communist Party to agree immediately to the calling of a Political Council composed of prominent non-party leaders as well as representatives of the various parties to consider the question of forming a coalition government whose first business should be to hold free elections for the selection of delegates to the much-talked-about National Assembly. Once the delegates have been elected, the National Assembly should be convened with the least possible delay to adopt a constitution and to form a constitutional government, the telegram urged.

In addition, the telegram listed the following points:

"1—As a matter of fact, the political power of the Chinese Government in the past 10 odd years has been in the hands of Mr. Chiang Kai-shek. That Mr. Chiang has won the respect and admiration of the Chinese people by his unwavering direction of the war of resistance no one doubts. But at the same time there is no denying the many weaknesses in Chinese politics such as the employment of wrong persons, the utter disregard for the welfare of the people and the helplessness of men of talents. No matter what form of government China may adopt in the future, this bad and harmful practice of one-man monopoly of power must be corrected at the earliest possible date.

"2—The appointment of government officials on the basis of absolute obedience and without consideration of their abilities and fitness has resulted in a deplorable degeneration in political morals and in government efficiency. Moreover, the appointment of government officials for liberated areas after the surrender of the Japanese has caused considerable surprise and disappointment. Henceforward, government officials must be appointed on the basis of their personal integrity and ability. A clean sweep should be made of all good-for-nothings, money grabbers and reactionaries so that China may not be barred from the community of modern nations.

"3—To allow army men to play politics has been the source of trouble everywhere as evidenced in the history of many countries in the world. From now on no army man, regardless of whether he belongs to the Kuomintang or the Communist Party, shall be allowed to assume government power.

"4—The crimes committed by traitors are unpardonable. The Government may be lenient enough not to round up all the small officials of the puppet government and bring them to justice. But the ring leaders and major traitors must not be left at large. It must be clearly understood that no respect for law and government authority can be established if no difference is made between the patriot and the traitor."

The significance of this telegram and the views expressed in it can be better understood and appreciated if the background of the professors is known. Dr. Chien Tuan-sheng, Dr. Chow Ping-lin and Dr. Wutsi-chun are outstanding members of the Kuomintang, Professor Wen I-to is a member of the China Democratic League, while the remaining six belong to no party. All are more than 40 years old and therefore should know what they are talking about. They have seen too much of the world to be taken in by cheap party promises and demagogic ballyhoo.

The views and stand taken by the professors, as expressed in their telegram, have aroused considerable interest in educational circles. In Lienta the telegram was greeted with enthusiasm by the students and its contents were featured in the various wall newspapers published on the campus.

One Chungking official is reported to have read the telegram and said, "I simply cannot understand what has come over these professors these days. They are only too ready to talk. Tell them to mind their own business and not to talk politics."

Regardless of what one may think of the 10 Lienta professors and their telegram, it is a significant and unmistakable straw to show which way the political wind is blowing in Chinese universities.

上海新時代報社
THE
MODERN AGE BOOK STORE
General Agents & Distributors of
Chinese & English Newspapers, Magazines and Periodicals.
With Mailing Purchasing Dept.
Prompt Service Guaranteed
For particulars please apply to:
The Modern Age Book Store
House 6, Lane 287 Kweichow Road
Shanghai—Telephone 90810

The British 14th Army, which has been operating in Burma, was formally disbanded last week. Although important tasks were assigned to this army, little was heard of its operations, so that it was often called the forgotten army.

Airmail service from the interior of China was resumed last week, according to a report from the Eastern Szechwan General Post Office. It was further reported that planes from Shanghai to Hongkong would operate every Thursday, from Hongkong to Shanghai every Friday, and those from Chungking to Hongkong every Sunday with an intermediate stop at Canton.

百萬金
烟香

W. M. Waterman's Tobacco Corp.

Four Years Ago Today Japs Marched Into Shanghai

By S. E. SHIFRIN

(Four years ago today Japan precipitated the Pacific War by her unwarranted attack upon Pearl, Harbor. Since this is the first peaceful December 8 that Shanghai has seen in four years, the Review today prints Mr. Shifrin's story of what happened in Shanghai four years ago this morning.)

JAPANESE overtook Shanghai incidentlessly 080100 upclosing banks business institutions which reopened later under restrictions stop japanese closed unistates british consulates moving unistates consulars metropole hotel where presswireless still functioning stop japanese notified all british american nationals shanghai business would pursued as usual only restrictions being registering individually japanese gendarmerie," thus United Press correspondent MacDougall in terse journalese told the world what happened in Shanghai four years ago this morning—on December 8, 1941. After a long and trigger-tense period the city on the Whangpoo mud-flats at last faced war.

December 8, 1941 was a dull, routine Monday morning. To most Shanghailanders, yawning and sleepily turning over, the gun-cracks sounding dully at dawn were just "another of these bad dreams". Early Frenchtown risers noticed around 6.30 a.m. planes whirling noisily overhead, dropping leaflets. Even if he were on Shanghai's grey stone-flagged streets the average foreigner would not have been able to help himself—the leaflets were in Chinese.

Still something was wrong and sprinting downstairs to get a copy of his morning newspaper he was disappointed. No explanation, no flash—the paper was printed too early for that. Gulping down his breakfast and briskly walking towards Avenue Foch to board his No. 9 bus to be in time for the office, John Shanghailander was met by the sight of Japanese sentries at the Settlement corner, the shuttered forlorn-looking Chinese shops and the deserted streets. It was here that he learned from a short-wave listening foreigner, an English-speaking Chinese or just a stranger whom he never met before of the Pearl Harbor bombing and of the Japanese declaration of war as set forth in the leaflets.

On that grey overcast Monday morning Shanghailanders were panic-stricken. Japanese sentries in the Settlement, as one Chinese remarked, were a sufficient reason for university co-eds not to walk on the streets alone. At a well-known University assembled students rushed to the American Professor to find out about the scheduled Elementary Economics examination. "It's postponed. I listened in to San Francisco this morning. The Japanese have bombed Pearl Harbor without a declaration of war."—"Maybe they'll apologize like after the Panay bombing but it won't blow over this time", and Prof. was right this time.

Double-deckers and No. 9 buses rolled only within the confines of the Settlement. Japanese tanks and trucks with blue-jackets from Hongkew, Shanghai's "Little Tokyo", rumbled on the Settlement streets past Indian traffic policemen, past apprehensive but self—contained crowds of pedestrians, past the Roxy Theatre on Bubbling Well Road, with its marque—"Now Showing: Greer Garson and Walter Pidgeon in 'Blossoms in the Dust'." All "enemy" British and American firms were being sealed with stickers—"Occupied by the Imperial Japanese Army Navy" with the surplus armed service blacked out. Sealed and occupied immediately was the "Old Lady of the Bund" the nearly century-old North China Daily News, the anti-Japanese CHINA WEEKLY REVIEW, the Hongkong and Shanghai Banking Corporation, the National City Bank, Asiatic Underwriters, and all other British and American banks and business houses. Effectively silenced were the British-sponsored XCDN "The Voice of Democracy" and American-owned sometime Carrol Alcott-featuring "Call of the Orient" XMHA. On the dirty soot-covered Shanghai walls appeared a copy in English of the joint Jap Army and Navy proclamation on Settlement entry. One clause threatened would be disturbers of peace and order, and potential destroyers of important installations and stocks of "essential materials" with dire penalties.

While on the streets of the Settlement Japanese Army motorcycles went bumping by, British and American business men worried over their lack of cash and tried to draw checks on their banks which the latter, now being "enemy banks" under Japanese control, could not cash. The news-hungry Shanghailanders deprived of their usual local radio stations were compelled to listen to the late, little lamented, American-born Chinese Herbert Moy dish it out with a vengeance in bi-hourly bulletins over German owned and operated XGRS. Harrassed citizens flocked to the movies only to find that the Asia Theatres chain was closed at least for the day. In the afternoon Jap Army trucks drove along Shanghai's streets handing out propaganda leaflets with a carricature of Churchill and President Roosevelt clinging close to each other to find shelter from a hypothetical Japanese shell. Some panicky souls rushed to the groceries to stock up but most housewives preferred to sit it out at home.

In the evening an extra issued by the British-owned, pro-Japanese Shanghai Times carried the full story of the raid on Pearl Harbor. For several weeks the Times, still carrying the Lion and the Unicorn on the masthead, was the only English-language paper in town. One can imagine what rates advertisers paid, especially cinemas which re-opened the next afternoon.

But what were those gun-cracks at dawn? At 4.20 a.m. that murky morning two Jap navy motor cutters moved towards the U.S.S. Wake of the Yangtze Patrol and H.M.S. Peterel of the British Yangtze flotilla, the only British and American naval units in port. On board were officers bearing the terms of surrender for the two gunboats. The officer in command on board the Wake, surprised and seeing resistance hopeless, accepted the terms

茂華商業銀行

The Mow Hua Commercial Bank, Ltd.

Head Office:	300 Peking Road	Tel. 18690
Savings Dept.:	226 Yu Yeun Road	34545
Trust Dept.:	1008 Avenue Joffre	78106

Compromise Solution For Suggested As Indies War

By DR. LIN WO-CHIANG

THREE months have elapsed since the armistice was signed, but war is still raging in several parts of Indonesia, particularly in the Dutch East Indies, where a struggle is going on between the Europeans, who strive to maintain as near as possible the status quo, and the natives, who fight for complete independence. In this war-harassed region there are more than 1,300,000 Chinese.

To-day these overseas Chinese literally find themselves caught between two fires. It is obvious that the Chinese have nothing to do with these upheavals, nor have they been over-anxious for the restoration of the old order under the Dutch. What they have been eagerly looking forward to, ever since the Japanese surrender, is an opportunity to resume their peaceful pursuits. They are now going through all the horrors of war. In the recent fighting around Soerabaya, where there are 60,000 Chinese, more than 100 were killed and 500 wounded. The loss of property must be considerable.

Aside from the underlying causes of the revolt, it may be said that Japan must be held responsible for the immediate cause of the trouble. With her navy crumbling before Allied naval and aerial attacks, there was no prospect of sending re-inforcements, so she hastened to train the Indonesians, hoping that they might be useful in resisting Allied landings. As a political gesture, the natives were promised independence, and elections to a local legislative body were held under Japanese supervision. Thus the movement for establishing an "independent state" under Japanese tutelage began before the Japanese surrender. Even after August 15 Japan would not play fair. We heard of a large contingent of Japanese troops who "surrendered" to the Indonesian People's Army, instead of waiting to be disarmed by the British commander-in-chief, who was assigned by the Allied War Council to do the job in this area. Using this subterfuge, Japan equipped the Indonesian People's Army with modern weapons. This may mean prolonged disturbances, even after these native troops have been driven from the strategic cities. Besides this, it is said that some Japanese have been found fighting on the side of the Indonesians and Reuter reported on November 22 that there were evidences of Japanese manning anti-aircraft guns and field mortars for the natives. In Indonesia, Indo-China, and in North China Japan used the same methods. She is determined to make the victory as costly as possible for her opponents.

As to why the British are now fighting in Java Prime Minister Clement Attlee explained Britain's position when he told the Press, on November 19: "Britain has received an assignment from the Allied War Council to release internees in Java, clear out the Japanese, and restore order." He hinted that as soon as the Indonesians and the Dutch could be brought together the British would withdraw. In the meantime, there arose a clamor in England for the early removal of British troops from Java. A section of the public represented in the British Parliament has raised the question of why British troops should fight for Holland's empire. The fact is that the British are fighting not for the Dutch alone, but for their own interests as well. The setting up of an independent state by natives so ethnologically similar to those in adjacent British possessions, is a matter of serious concern to Great Britain.

At the same time, one should not overlook the heavy British investments in the East Indies. They own and operate about 40 percent of the developed resources. So the retention of the East Indies under European control is as imperative to the British as it is to the Dutch. It is not difficult to see that Great Britain has no other choice than to support the Dutch until the latter can stand on their own feet. The British Prime Minister, in his statement to the press, has spoken the truth, but perhaps not the whole truth.

No one can find fault with the 60,000,000 Indonesians for wanting to live under a government of their choice. The right of self-determination of a people was established at the conclusion of World War I, when the late President Wilson declared: "Self-determination is not a mere phrase; it is an imperative principle of action, which statesmen will henceforth ignore at their peril."

The immediate cause of the Indonesian uprising is traceable to Japanese manipulation, but the nationalist movement was planted long before the Japanese invasion. The political unrest which occurred sporadically in the Indies during the last 25 years fully testifies to this fact. Any attempt at a complete suppression of the awakened and growing nationalism among the Indonesian people, not only may prove futile, but may even be dangerous.

However, the time is perhaps not yet ripe for the Indonesians to establish an independent state according to their aspirations. On the other hand, one can hardly believe that a strict restoration of the status quo is possible or desirable under present circumstances. In order to bring this conflict which has already cost so much loss in life and property, to a speedy conclusion, it is suggested that both the Europeans and the Indonesians meet half way.

---

and soon afterwards the Rising Sun waved on the mainmast. On board H.M.S. Peterel the officer in command asked leave to telephone to the Captain who was ashore. When this was refused and an immediate answer demanded, he ordered the Peterel sunk and shortly later she was rent by exploding dynamite charges placed in her hold. The thirty odd men emerged safe and sound in a Jap concentration camp after having been fished out from the chilly December waters. Only casualties were six wounded ratings. The captured U.S.S. "Wake" was re-named "Tatara" and Shanghai settled down in its cell at the "Greater East Asia" penitentiary, and piously hoped the Japs would get what was coming to them and soon too.

GRAND THEATRE

SHANGHAI

PIANO RECITAL

By

GEORGE T. V. VLACHOS, Jr.

(7 years-old)

assisted by his two sisters

MADLEINE and SOPHIE

(9 years-old) (11 years-old)

Sponsored by His Honor the Mayor and a distinguished Patronage of Chinese and Foreign Civil & Military Leaders in Honor of the

VICTORIOUS ALLIED ARMIES

December 12th, 1945, 8 p.m.

admission

By Invitation only

Is Currency Stabilization Desirable In China Now?

By JOHN AHLERS

WILL and should Chinese national currency be stabilized soon? This question, attacking one of the main problems of the day, is on the lips of all, not only of operators in gold bars or foreign exchange and of commodity hoarders. It is being asked just as well by legitimate business men: the trader, the industrialist, the banker—and by multitudes of wage and salary earners.

Whether or not the Chinese national dollar soon will be stabilized is a question which only a prophet should try to answer. The Generalissimo, in his recent speech on occasion of the establishment of the Supreme Economic Counsil, seemed to advocate stabilization as quickly as possible. Current Sino-American commercial treaty negotiations equally explored this problem, and in the opinion of many are likely to lead to at least provisional fixation of some new semi-official exchange rate between the Chinese and American currencies.

But what actually *will* happen is unpredictable for an outsider. For the economist, the task is not to attempt to predict the future, but to weigh future possibilities against one another and to suggest what *should* happen. Should China's national currency be stabilized now, or later, or not at all?

Prior to 1929, nine out of ten answers to this question would have been based upon the a priori assumption that stability is more desirable than variability of a currency. This conviction was deeply rooted in the fundamentals of liberalist Economics. The Great Depression demonstrated that, at least for an era of economic crisis requiring desperate efforts to relieve unemployment and over-indebtedness, currency instability was more desirable. The 1930's saw the development of a new school of economists advocating "easy money," in the form of permanent currency inflation, as the best and easiest way to general prosperity. This latter school, for some years, won many adherents, but was eclipsed by the outbreak of World War II.

At the end of the 20th century's second World War, there is a reversion of monetary theory to earlier conservatism. The decisions made at the world monetary conference at Bretton Woods provide for an International Monetary Fund whose main task is the maintenance of currency stability, or, if that should prove impossible, the reduction of currency fluctuations to a minimum. This aim seems to coincide with the popular conception of what is desirable for currencies in general, and for Chinese currency in particular.

Yet what is meant by stabilization? Prior to World War I, this term was never misunderstood: all took it to mean the maintenance of unchanged foreign-exchange rates. But by the middle 1930's, stabilization had come to mean something very different, viz., an unchanged level of commodity prices and an unchanged volume of production and employment. Currency stability of the pre-1913 type was considered consonant with the cyclical alternation of prosperity and depression, of high and low prices, of scarcity of labor and widespread unemployment. Currency stabilization by 1934 meant monetary measures to ensure stable living standards, regardless of whatever changes the foreign-exchange rates might have to undergo to facilitate this aim.

In China today, the mass of the people is interested in no other stabilization than that of living standards, i.e., in safeguards against a further depreciation of the national money. The mass of the Chinese cares nothing for the Shanghai U.S. dollar rate. Their life has nothing to do with it. When they speak for stabilization, then they mean that they want their dollar to buy tomorrow no less than it buys today, and to buy at least the same commodity volume in a year from now.

This is the type of currency stabilization which is popularly desired, and which is also desirable from the points of view of modern economics. The Generalissimo's speech, so strongly emphasizing living standard problems, seems to advocate this kind of currency stability. China is the second power, preceded only by the United States, to ratify the Bretton Woods agreements for the International Monetary Fund.

But can we have such currency stabilization now? We clearly cannot. In all parts of China, the commodity price level is artificially high as a result of war efforts and wartime shortages and sufferings. For the months to come, the months of increasing imports of fresh supplies from abroad and of increasing production of home products, increased supply will gradually wipe out the shortages and bring prices down to a considerably lower level than prevails today. But the coming great price cut will be the contrary of stabilization. It will again compromise or overthrow existing economic relationships—and only subsequent to the great price crash, when both prices and incomes will have settled down once more upon new and lower levels, will genuine stabilization of the currency's buying power become a possibility.

The type of currency stabilization which those have in mind who are interested primarily in external economic and financial relations is another matter. These circles, to promote foreign trade and foreign credit, want a fixed foreign-exchange rate regardless of internal relations between commodity prices and money incomes. They desire that type of monetary stability which up to 1914 was generally considered absolutely necessary, and which in the old days was enforced at the price of wide and often disastrous fluctuations in commodity prices and living standards.

MARK YOUR RADIOGRAMS

"Via RCA"

FOR

DIRECT, ACCURATE, SPEEDY SERVICE TO AMERICA

(Cooperating with the Chinese Government Radio Administration)

FOR FREE FORMS APPLY TO

R.C.A. COMMUNICATIONS, INC.

Sassoon Arcade, Nanking Road

Tel. 12558

There is no doubt that the Central Bank of China, backed by the Federal Reserve System and the gold hoard in the Treasury of the United States, could now enforce stable foreign-exchange rates, and maintain such rates over a period of years. But if the bank stabilized foreign-exchange rates now, the danger would threaten that within a few months the external and the internal value of China's currency would be far apart. The external value is the quantity of foreign commodities which the unit of Chinese currency will buy abroad, while the internal value is its buying power at home. Should China stabilize now, at the brink of the wartime shortages, then soon the Chinese dollar will buy in China very much more than abroad. External and internal value will be at a disparity.

It is an axiom of sound currency policy, accepted by both the modern and the old schools of monetary thought, that no currency can be effectively and lastingly stabilized unless its external value (i.e., the rates of exchange) corresponds to its internal value (i.e., the level of commodity prices). The two should stand, rise and drop together. Disparity is undesirable: a lower external value than justified by internal purchasing power tends to force up commodity prices; a lower internal value than justified by external buying power tends to under-value the currency and to upset foreign-exchange rates.

Stabilization of currency, in China as elsewhere, is desirable after a state of rest will have been achieved in the country's external economic and financial relations as well as its domestic price level. Stabilization should be the ratification of a return to normal conditions. It is not a prerequisite to such a return. If China would stabilize now, she would prop up the present unnaturally high commodity price level and preserve the commodity hoarders from their well deserved penalty of a gigantic price crash. She would burden the earners of wages and salaries with excessively high living costs, and deprive them of the benefits they may duly expect from the impending price decrease.

Stabilization had better be enforced after the downfall of the present commodity price level, and after the restoration of more normal conditions in China's economic and financial intercourse with other countries.

French forces in China will be repatriated this month, it was reported last week. Although it was rumored that the withdrawal of these troops might be brought in connection with their "pro-Vichy" attitude, French quarters in Shanghai refuted rumors that they would be punished and declared that the troops in question were placed under the direct orders of General Leclerc, Commander-in-Chief of the French Forces in the Far East.

NEWS OF THE WEEK

Airforce Halts "Hump" Flights

IN an apparent effort to avoid a national scandal and possible political repercussions, the War Department on November 30 announced that all flights of combat planes from India to China had been stopped.

Earlier last week, following an announcement in the Chinese press that 1300 U.S. planes, the majority of which are presently in India, would be given to the National Government, American press dispatches reported the loss of 13 American planes out of one flight of 23 attempting to fly the "hump" during bad weather.

American Army officials in China promptly denied that the planes were being flown to China for use by the Nationalists in the civil war and lend-lease spokesmen said that most American planes would be shipped back to the States. Later in the week, however, Lt. Gen. Albert C. Wedemeyer, China Theater commander, disclosed in Chungking that the planes would be sold to the Nationalist Government if current negotiations are completed.

Meanwhile, with additional reports of fighter planes going down over Burma and various parts of China, American pilots complained bitterly, saying in effect that they did not mind risking their lives as long as the war was on, but they strenuously objected to flying over China's rugged and dangerous terrain in bad weather now that the war was over and most of the Army weather and radio stations were closing.

In Washington, the War Department spokesman, who announced the order terminating "Hump" flights, said, "All Army Air Force installations are operating on peacetime flying safety regulations which do not permit taking unnecessary risks because of adverse weather conditions over there which resulted in the loss of several planes and their crews."

However, an earlier report appearing in the Shanghai edition of Stars and Stripes, U.S. Army Newspaper, said. "Airforce officials' attitude is one of sincere regret that any Americans had lost their lives in the operation but held it was vital that the United States protect its gains in China."

The Burmese People's Freedom League will send a delegation to Britain to arrange for elections and constitutional reforms at the earliest moment.

The newly established House Renting Bureau here has to cope with a vast influx of complaints filed by tenants against landlords in connection with the key money and other rent rackets in Shanghai.

A new postal route connecting Lanchow, Sining, Chiuchuen, and Ninghsia will be opened soon. Mr. Mei Jen-hsin, Deputy Director of Post has left for Hosi to make the necessary arrangement, it was reported last week.

RADIOGRAM GREETING

For

X'MAS and NEW YEAR'S

Messages of Cheer

" Via CGRA "

交通部國際電台

Chinese Government Radio Administration

70 FOOCHOW ROAD TELEPHONE 11490

PEOPLE IN THE NEWS

DR. MEI I-CHI, president of National Tsinghua University, arrived in Peiping with several of his faculty members last week to make plans for moving the university back to Peiping from the interior.

TANG CHUNG, former adjutant of the Generalissimo's headquarters, last week was reported to have been selected for appointment as Director of the Social Affairs Bureau in Shanghai. The post has been vacant since Wu Shao-shu's resignation.

MAJ. GEN. CLAIRE L. CHENNAULT last week told the press that an atomic war would mean another "dark age" for mankind and recommended that all American military installations, as well as transportation arteries, be placed 200 or more feet underground.

DR. LEIGHTON STUART, chancellor of Yenching University, arrived in New York last week from Peiping, where he had been held captive by the Japanese for nearly four years.

HSIAO LI, Chinese wife of Michael Lindsay, former economics teacher at Yenching, arrived in London this week with her two children. Lindsay, who is the son of Lord Lindsay, master of Balliol College, Oxford, and his wife recently left Yenan, where they had been living for some time.

CAPT. CHARLES B. MCVAY, commander of the cruiser Indianapolis, faced a U.S. Navy court martial this week which charged him with responsibility for the loss of the Indianapolis, which was carrying an atomic bomb, in the Philippine Seas on July 30, 1945. More than 800 crew members are missing from the ship.

DR. SUN FO, president of the Legislative Yuan, this week warned that Manchuria could be the cause of a third world war. Declaring that the American forces in China are here in the interests of world cooperation and not for intervention, he urged the Kuomintang and the Communists to settle their differences, which he termed trivial, being merely a "quarrel over who is to eat the chicken."

GEN. CARTON DE WIART, Prime Minister Attlee's representative to Generalissimo Chiang Kai-shek, inspected British properties in Nanking this week. De Wiart, who was accompanied by six members of his staff, was entertained by Mayor Ma Chao-shun before returning to Chungking.

TOHORU MIKI, former Japanese officer, who tortured and mistreated American prisoners of war while he was stationed at the Hoten prison camp in Manchuria, was captured here this week after a four-month search throughout Manchuria, Korea, Japan and Central China. Miki, wearing civilian clothes when captured, claimed that he had been discharged in 1944 and since had been working in Shanghai.

MAJ. CHARLES BOXER, father of Emily Hahn's daughter Carola, was refused a license to wed Miss Hahn by a New York marriage license clerk who explained that New York law prevents remarriage in cases of divorce for adultery within three years after the divorce decree becomes final. Miss Hahn announced that she and Major Boxer would "get around" the regulation by marrying in New Jersey as soon as Boxer's English divorce becomes final.

GEN. TANG EN-PO will move his third Direction Army headquarters to Wusih, strategic city between Shanghai and Nanking. One division will be stationed at Wusih.

MaJ. GEN. WILLIAM J. DONOVAN, former head of the Office of Strategic Services, last week resigned from the American prosecution staff at the war crimes trial in Europe. He will return to private law practice in New York.

MAHATMA GANDHI left Bombay this week for Calcutta on the first leg of a projected five weeks tour of Bengal and Assam provinces in India.

DR. JOSE ARCE, new Argentine ambassador to China, arrived in Chungking last week with members of his staff. He told the press that the exchange of diplomats between China and Argentina marked a new page in the two countries diplomatic relation.

PARKER COMPANY offers you the highest prices in buying your fountain pens; **PARKER, CONKLIN, SHAEFFER, EVERSHARP** etc. at 197 Honan Road, Shanghai, Telephone 96895.

The National Industrial Bank of China
Transacting Modern Banking Business
Branch Office: 130 Peking Road, Shanghai—Tel: 18725-9
Sub-Branch: 428 Rue du Consulat, Shanghai—Tel. 87817-85432

Free Press Clause Fight Predicted

REPRESENTATIVE John Vorys announced his intention last week of continuing his fight to get the "free press clause" attached to all future United Nations Relief and Rehabilitation Agency appropriation bills approved by Congress.

Vorys' ammendment, which stated that every nation receiving UNRRA aid must allow American newsmen free access to view and report upon UNRRA activities in their respective countries, was first passed by the House of Representatives, but later was stricken out following a joint conference of House and Senate Committees.

Although the American press applauded the measure when passed by the House, administration leaders asked the Senate to repeal the clause because the US$2,000,000,000 UNRRA bill then in Congress was designed for urgent relief and should not be delayed. The administration, however, suggested that future appropriations for less urgent rehabilitation projects might carry such an amendment.

Earlier, Representative Vorys announced his intention to attach similar "free press" riders to all Congressional appropriation bills involving any type of aid to foreign countries. Such amendments would limit any foreign loans to nations which give American reporters full access to news abroad.

Vorys said: "We are not asking any nation to borrow our money, but if they want it bad enough they should be willing to let trained observers representing the American public look around to see what it is being used for."

Washington observers pointed out that several bills now pending in Congress, including legislation to authorize loans to Britain, Russia and other Allied nations, a bill to enlarge the capital of the Export-Import Bank and a measure to repudiate the Johnson Act which prohibits loans to foreign governments, would all be targets for such type amendments.

For Russian Cuisine
at its best
DD's
815 Avenue Joffre
870 Bubbling Well Road

United States Policy In Korea Attacked

THE opening shots of what was termed "a concerted attack upon U.S. policy in Korea" were fired this week by Rep. Clare Booth Luce and the New York Times. Miss Luce, in a speech in the House, said Korea's request for independence was reasonable.

The New York Times, in an editorial, deplored the lack of "any unity at all" between Russia and America in Korea and declared that

although Korea was the one place where Russia and America came into contact in Asia and should offer an excellent opportunity to exhibit unity, there is no indication of any unity at all. The Times further charged that the American State Department was not even consulting regularly with the Russian Government on the problems of Korea.

Pacific Flights Begin January 1

WHILE the long-awaited post-war "air age" moved several steps nearer fruitation this week with announcements of impending inauguration of various world flights, there were indications that closer world cooperation was needed as Britain imposed restrictions upon American planes flying the Atlantic.

Pan American Airways announced their new schedule for the Pacific, which, they said, would go into effect by January 1, 1946. Flights will leave San Francisco for Manila, Shanghai, Hongkong, Singapore and Calcutta, as well as for points in Japan and Korea.

The route to Manila will be via Honolulu, Midway, Wake and Guam. From the Manila terminus, flights will go to Shanghai and Hongkong to link up with China National Aviation Corporation flights to points within China. The flights to Calcutta will be run out of Manila via Canton and Bangkok.

Pan American officials, in revealing that Great Britain has ordered the company to reduce from five to two its weekly flights between the United States and the British Isles, said they believed the reason was because of Pan American's new rates which at US$275 per crossing, effectively undercut American Air Lines' price of US$572 and the government-subsidized British Overseas Airways' rate of US$568.

From Paris it was announced that commercial Paris-New York flights were formally inaugurated last Monday with the first flight. Lockheed Constellation planes are used on the run.

Meanwhile, Dr. Edward P. Warner, president of the Provisional International Civil Aviation Organization (PICAO) announced that attempts were being made to preserve for peace-time commercial flying the facilities established throughout the world by American and other allied air forces.

He said member nations had been asked to consider the situation in their respective countries in regard to airports, airways, traffic control, meteorology and communications.

Dr. Warner said the two essentials to improved world commercial flying were maintenance of necessary facilities in each country and international cooperation to operate them in a regional pattern so as to cover an air route.

EVENTS IN BRIEF

The United States is prepared to offer as a gift to the Burma Government the Stilwell Road, which cost $147,000,000, W. B. Schleiter, field commissioner of the foreign liquidation body, told a press conference last week. The U. S. Government already has made a gift of the American-built bridge across the Irrawaddy. Agreement to sell surplus U. S. property to the Burma Government has also been reached, it was learned.

The Chinese National Government, in a mandate last week, announced September 3 as the date that the war of resistance formally ended. On that day the Allies accepted the Japanese surrender in Tokyo.

The U.S. Navy's discovery of a cure for Asiatic cholera ranks with the development of penicillin as one of the most significant discoveries of the war, according to American doctors acquainted with the Oriental disease. Navy doctors succeeded in providing new protective measures for thousands of GI's stationed in the Far East through the proper use of blood plasma, sulfadiazine and saline. Commander J. M. Amberson, in charge of the experiment unit in Calcutta during the June cholera epidemic, said 100 percent recovery is assured through the new treatment.

An international counterfeit ring operating from Paris to Shanghai was uncoverd recently when the U.S. Army here arrested one of its Chinese members. The ring imported bogus currency, described being of perfect craftsmanship, imitated US$50, 100 and 500 denominations. The Army and Chinese authorities are still carrying on an intensified drive to stop this theater from being flooded with more such currency and to confiscate that which has been circulated.

The so-called gold scandal case opened last week before the Chungking Experimental District Court. High government officials and bankers are accused of having used their inside knowledge of an impending increase of the official gold price to reap enormous profits from large-scale purchases of gold. The names of the defendants are: K. K. Kwok, business manager of the Central Bank of China, Wang Shao-chai, director of the department of general affairs of the Ministry of Finance, Shen Hsiao-chun, and Shen Wai-tao, vice-manager and assistant manager, respectively, of the Bank of Communications, Feng Shao, chief of the savings department of the Bank of Communications, Hsu Tze-yi, vice manager of the business department of the Kincheng Banking Corporation, Li Tsu-yung, general manager of the Ta Yieh Company, and Yang Lu-pei, manager of the Hui Yieh Company.

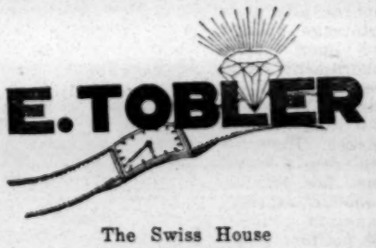
General Tang En-po, Third Directional Army commander, last week told newsmen that he is determined to clear the countryside here of robbers and bandits in order to restore communications in the area under his command. He pointed out that security in the villages would enable farmers to bring their produce to town unmolested.

A total of 48,584 Japanese, two-thirds of whom were soldiers, have been returned to Japan since the repatriation of Japanese nationals in North China began, on November 21, by the Chinese Army with the help of American Marines. Three American boats were among those used in sending the Japanese home during the past week. Official estimates reveal that there are 190,000 Japanese troops and 254,000 civilians in North China.

Some 30,000,000 persons in former Japanese occupied areas in China are addicted to the use of opium and other narcotic drugs as the result of Japan's policy of drugging the Chinese people, according to an estimate of the Executive Yuan. The Executive Yuan has ordered Tientsin's Municipal Government immediately to take steps to stamp out the opium "evil."

About 50,000,000 Chinese trekked to West China from the occupied provinces during the past eight years, it was estimated by the Chinese Ministry of the Interior last week. Most of these emigrants, however, want to go back to their old sites of residence. It was further reported that about 4000 refugees were sent back to their native villages and cities.

The Tientsin branch of Hopeh High Court and the Tientsin District Court were taken over last week. Mr. Lung Shih-chi and Mr. Chia Kan will head the two courts respectively.



The Swiss House
for high grade
Watches & Jewellery
Watch Repairer
153 Nanking Rd. 4th floor,
Tel. 12160

Visit the
DOWNTOWN BAZAAR
FOR ALLIED FORCES
89 Foochow Road
Embroideries, jewelry, silks, linens, curios, souvenirs, etc.
Better quality and lower prices guaranteed by
Shanghai Joint Service Committee For Allied Forces
Under the auspices of WASC

Marts Sag To Lower Level; Government Bonds Firm

As if to echo the rather optimistic note in last week's report, the local financial and commodity markets sagged to further lower levels in comparison with those of a week ago. However, an exception was to be found in the case of government bonds, which, instead of going down, had a spectacular rise. The present upward trend of government bonds is purely due to speculative influence which has been prevailing during the past few weeks. There are many rumours favorable to government bonds, most of them quite unfounded; but nevertheless, speculative fervor for bonds remains strong. It may be recalled that Hongkong dollar notes were subjected to the same kind of speculative mania, especially those notes issued after December 8, 1941; and it was not until very recently that this mania spent its force after the status of the Hongkong dollar was definitely established. Now the attention of the speculators seems to have turned from Hongkong dollars to government bonds. While we do not deny the possibility that government bonds of the consolidated series may receive some preferential treatment in post-war financial re-organization, it is altogether premature to expect such windfalls to happen. Therefore, a jump of over 60% in value in the short space of one week could not be justified on any account except that of speculation.

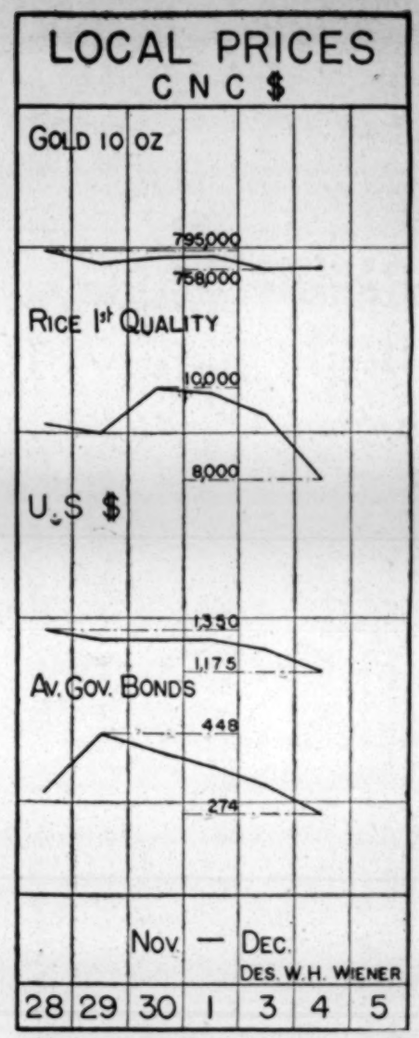
In direct contrast to government bonds, gold bars and U.S. dollars fluctuated with a downward tendency within the range of $810,000-768,000 and $1350-1295 respectively, and closed on Saturday with $800,000 and $1320. It seems the present ceiling for gold bars is somewhere around $800,000 at which level there are usually good sellers. In the midst of conflicting reports, this situation is hard to explain. Arbitrage operations by shrewd dealers and open market operations by the government banks in the interior with the object of contracting currency circulation are said to be exerting considerable influence and pressure on the gold market. However, if we look at the question from a broader point of view, that is from the political as well as from the economic aspects, a more adequate explanation could probably be found. In the political field, the rapid advance of national troops into Manchuria, the resumption of talks between China and Russia concerning Manchurian affairs, the establishment of the .National Supreme Economic Council, and lastly but none the less important, the appointment of General George C. Marshall as special envoy to China, are all factors of great stabilizing influence.

In the economic field, announcements by the Special Commissioner of Finance regarding the unfreezing of foreign exchange balanecs for use in connection with legitimate imports and authorization to exporters to deposit their exchange funds with the Bank of China pending future settlement are also very encouraging factors in that these two measures pave the way for normal foreign trade development by removing technical difficulties and foreshadowing in the near future the solution of the delicate exchange parity problem.

Meanwhile, reports that the Enemy and Puppet Property Administration will soon release large quantities of goods for public sale so as to stabilize commodity prices caused many traders not only to refrain from fresh replacements, but also to liquidate some stocks on hand. In such an atmosphere no prudent business man would embark on heavy commitments of any kind. The local operators seem to be standing at cross-roads and taking an attitude of watchful waiting with more inclination to sell than to buy. However, as a result of the hesitant market and the ever increasing influx of people and capital from the interior, the local money market is growing easier and easier. Sooner or later, these idle funds will have to find gainful employment; and the line of least resistance and the channel of quickest turnover will probably be the revival of speculative activity in the financial markets.

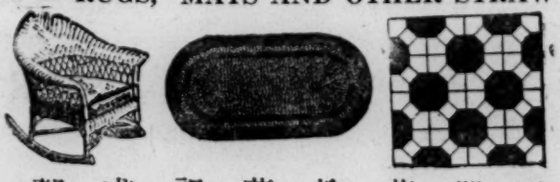
The following were the rates quoted on Saturday on the financial markets;

Gold bars	$ 800,000
U. S. dollars	1,320
Consolidated Bonds; A.	340
B.	340
C.	560
D.	400
E.	460
Wing On Textiles	570
Wing On Co.	440
Mayar Silk	350
Sin Kwang (Smart Shirts)	35
Ewo Cottons	1,600
Wheelock	4,500
Metal Industries	500



The weekly chart (above), as well as the chart depicting local price trends during the past month (opposite page), shows a downward trend as regards the price of gold bars, U.S. dollars, and rice, whereas the rates of government bonds displayed more lively fluctuations. The price of rice obviously reacted to better supply conditions. In the case of the other magnitudes, however, an exact analysis has to deal with many factors, so that it would be rather hard to single out the ultimate causes responsible for the performance of the U.S. dollar rate, for example. As long as there is no sizeable trade going on between China and the United States and as long as the actual situation of the Shanghai importer and exporter is not quite clear, with rumors circulating of an impending abolition of the present exchange control measures, the actual exchange value of the U.S. dollar in Shanghai is a rather indefinite magnitude depending on many imponderables, such as flight from an apparently inflated currency into something that promises greater security, changing supply of notes depending on the number of American Army and Navy personnel in Shanghai and the number of employees of various U.S. Government offices, speculative manipulations of local operators, and many other influences.

PAINTED RATTAN FURNITURE,
WILLOW BASKETS IN ALL SIZES
RUGS, MATS AND OTHER STRAW GOODS



鄧甫記藤柳草器廠

DUN POO KEE & CO.

Manufacturers of Rattan, Willow and Straw Goods

201 Seymour Road, Shanghai—Telephone 35649

For Export Please Cable "DUNPK"

BUSINESS FOOT-NOTES

The gigantic Yangtze valley plan, which has been repeatedly shelved before, has taken on a more tangible shape, according to Mr. Harold Ickes, Secretary of the Interior, who announced last week that the United States Bureau of Engineering would assist the Chinese Government in the working out of plans for the development of the Yangtze River valley. Mr. Ickes further declared that a contract had been signed between the American Bureau and representatives of the Chinese Government, who arranged about the preparatory designs and specifications to be worked out by the staff of the United States Bureau of Engineering. If the project should materialize, it would represent the largest concrete dam ever built, control of the Yangtze river, and the liberation of millions of people from the perpetual threat of floods and famine. According to the plans in preparation, a huge dam would be erected near Ichang in Central China, a lake 250 miles long would be created, hundreds of miles of irrigation canals would be dug, and the world's largest hydro-electric plant would be constructed to assist in the economic reconstruction of China. The contract obliges the Chinese Government to supply funds to the American Bureau for its technical assistance.

Mr. John W. White, president and general manager of the Westinghouse Electric International Corporation declared last week that he had signed a contract with the Chinese National Research commission to design and supply equipment and technical assistance for a huge electric plant to be erected in China. The cost of construction of this plant has been estimated at about $40,000,000. The production program comprises household appliances, steam turbines, radio and electronic equipment, which might also be used by the Chinese authorities to facilitate the famous Yangtze plan. Although the management of the plant would be purely Chinese, the Westinghouse Corporation has agreed to train 300 students for the Chinese Government in all phases of operating and managing such a huge factory. Mr. White also declared that quite a number of American companies were trying to prepare for similar arrangements.

Pointing out the sore points in China's difficult post-war economic structure, Dr. T. V. Soong, President of the Executive Yuan, stated in a speech made at the inauguration of the Supreme Economic Council last week that the most pressing economic problems in present-day China were represented by the currency and price structure, the proper apportioning of the national income between the Government and the people, the right mixture of free initiative and planning in the economic field, the reconstruction of communications and sufficient motive power, and close cooperation with Allied nations.

After many years of war and Japanese occupation, the first commercial ship to reach Shanghai in peacetime arrived here on December 2, discharging more than 200 Chinese and foreign passengers.

Allied wharves and godowns will be handed over to their rightful owners on application to the office of the Commissioner of Customs, it was reported last week.

An American party consisting of the foremost experts on silks sailed from New York last week in order to appraise 46,000 bales of Japanese silk immediately available for the market.

The Special Commissioner of the Ministry of Economic Affairs for Kiangsu, Chekiang, and Anhwei has completed the taking over of about 110 paper factories, it was reported last week.

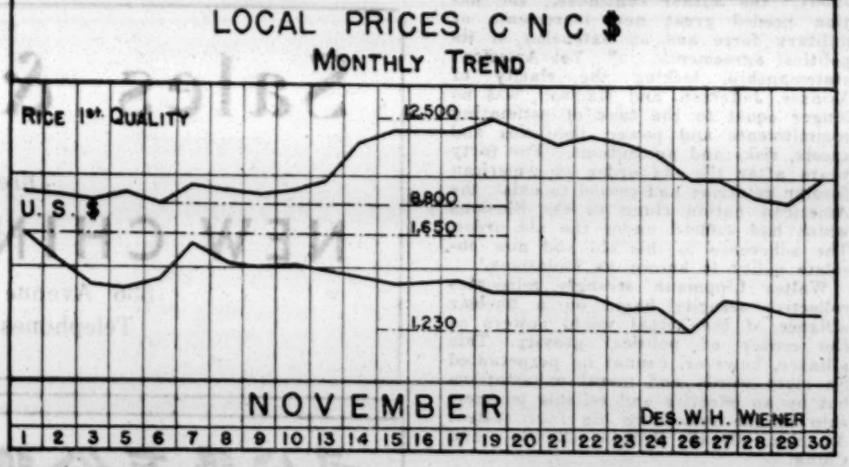
President Truman told the American nation last week that the reconversion of United States plant from war to peace time production had been completed 100 days after the start of the program.

After a two months' study of economic conditions in China, Mr. Edwin A. Locke, personal representative of President Truman, is returning to Washington. Mr. Locke reported that he talked with high-ranking Chinese politicians and officials on important Chinese economic problems.

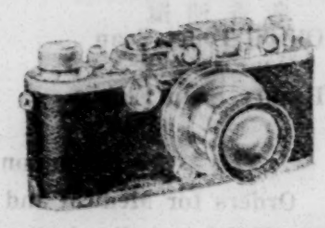
A new body has been formed for the over-all control of Chinese Shipping, it was reported here last week. The National Shipping Administration will start functioning on December 1 in order to bring the country's shipping back to normal, Mr. O. S. Lieu, the newly appointed chairman revealed. The head office of the new organization will be in Shanghai and will be operated by the China Merchants' Steam Navigation Company. Branch offices of this new body will be set up in all important cities to control not only coastwise shipping but also smaller crafts.

United States exporters were advised last week by the Journal of International Economy, official organ of the Department of commerce, that import permits for articles to be imported into China were no longer necessary with the exception of war goods, wireless materials, and narcotics. The Journal further reported that "in cases where its authorization for exports from the United States is required, the Commerce Department's Office of International Trade Operations no longer will require evidence of prior approval by the Chinese Government's Universal Trading Corporation in New York." It was further added that nothing is known on the future status of the Universal Trading Corporation, which throughout the war was the sole organization handling Sino-American trade. As regards the requirements of foreign exchange permits for imports obtained from the Central Bank of China, no change has been reported as yet. War goods which still require import permits are arms, munition, airplanes and their accessories, and explosives.

Chinese merchants are still under the obligation to sell their foreign exchange to the Chinese Government before they can obtain export permits for their cargoes, it was learned here last week. As long, therefore, as the foreign exchange control exerted by the central authorites in Chungking has not been officially discontinued, the above-mentioned rule is still valid. According to the exchange control regulations, Chinese merchants have to show all shipping documents, such as bills of exchange, to the officials of the Bank of China together with a signed statement giving full particulars of the cargo and an undertaking that any foreign exchange received in payment for the export will be sold to the Chinese Government through the Bank of China. The bank then applies to the custom authorities for the necessary export permit. It was further reported that official circles are not aware of any impending change in the existing regulations.



DOLLAR COMPANY PHOTO SUPPLIES DEPARTMENT



Quality Cameras, Lenses and other photographic materials

Speedy repairing, Developing and Printing service.

20 Nanking Road, Tel. 14777
44 Myburgh Road 36409

NEW BOOKS OF INTEREST

Lippmann On Diplomacy

U.S. FOREIGN POLICY: Shield of the Republic—By Walter Lippmann, Little, Brown and Company, Boston, 1943. 177 pps. Reviewed by Walter H. Wiener.

TAKING the Isolationists' views to task for befogging American public opinion in vital respects, Mr. Lippmann attempts to reveal political realities which, in his mind, are so obvious that the mere elucidation of their essence might be sufficient to cause all level-headed Americans to subscribe to his convictions.

American foreign policy, Mr. Lippmann thinks, has been a wobbling affair during the past forty years or so because American political commitments in the Pacific and in Europe far outran political means to enforce and guarantee them. Before that period, from about 1800 to 1900, American politicians enjoyed the fruits of British naval supremacy which guaranteed American security and created in the American public the illusion that this security was of their own doing.

"This unearned security," Mr. Lippmann states," during a long century had the effect upon our national habits of mind which the lazy enjoyment of unearned income so often has upon the descendants of a hard-working grandfather. It caused us to forget that man has to earn his security and his liberty as he has to earn his living. We came to think that our privileged position was a natural right, and then to believe that our unearned security was the reward of our moral superiority."

"At this historic turning point (the creation of the German navy around 1900)," the author continues," the nation needed great new increments of military force and an extension of its political agreements...." Yet American statemanship, lacking the clarity of Monroe, Jefferson, and Madison, was no longer equal to the task of estimating commitments and power, liabilities and assets, risks and precautions. For forty years after the old order of American foreign relations had ceased to exist, the American nation clung to the illusions which had sufficed under the old order. The adherence to this old and now obsolete policy is known as 'isolations.'

Walter Lippmann strongly advocates collective security based on a nuclear alliance of the actual world powers as the center of political gravity. This alliance, however, cannot be perpetuated by mere words and moral exhortations but by an effective and reliable partnership of the remaining big four states: America, Great Britain, Russia, and China.

Especially interesting is Mr. Lippmann's analysis of post-war problems which he correctly foresaw in 1943, when quite a number of people were still deeply impressed by the dire realities of actual warfare: "The unconditional surrender of Germany and of Japan is bound....to leave all the Allies with an immediate sense of moral peril averted; and this will reduce the compulsion that binds the alliance together....These fissures will tend to become wider and deeper the more any one of the great powers seeks to aggrandize itself either at the expense of one or the other great powers, or at the expense of their smaller allies....This would be followed inevitably and immediately by competition among the Allies to win over to their side the vanquished nations....For these reasons it is evident that a nuclear alliance of Britain, Russia, America, and, if possible, China cannot hold together if it does not operate within the limitations of an international order that preserves the national liberties of other peoples."

Written a few years before the end of the war, Lipmann's book is, naturally enough, invalidated to a certain extent by the march of events unfolding before mankind the dreadful aspects of atomic warfare. No longer, therefore, is it necessary for a whole nation to work in huge factories and to produce vast quantities of war materials when a comparatively small number of rocket driven missiles may be able to destroy the industrial centers of the enemy within a short span of time.

Again the diplomatists are faced by new and tremendously difficult tasks since every mistake made will immediately lead to catastrophes of unheard-of dimensions.

Unable to anticipate these revolutionary changes in strategy, Mr. Lippmann cannot provide, therefore, a much-needed panacea for the present political and diplomatic crisis. His advice, however, to intensify international co-operation still holds good, although a painful process of trial and error might be expected to intervene before peace will be finally secured.

Unsinkable Ship

WHERE AWAY *by George Sessions Perry and Isabel Leighton. Armed Services Edition (originally published by Whittlesey House, New York), 224 pps. 1944 Reviewed by S. F. Shifrin.*

"THE Galloping Ghost of the China Coast" was tht nickname of the U. S. S. "Marblehead," which is no stranger to Shanghai. Admiral Hart saw to it that the American Asiatic Fleet would not be bottled up in a China port in the event of war breaking out. We follow the Ghost through its wanderings in the Dutch East Indies, the two naval engagements which it was not fated to fight and the Japanese air attack which left it with a damaged rudder and nearly bisected it Said the Houston's quartermaster, "There goes the Marblehead!" but evidently he did not know the men on board.

It was men like Paul Martinek, petty officer, and Seaman second class Claude Becker darting through the fire with naked cloth powder begs to throw them overboard, like Hing the captain's Chinese mess-boy who saw to it that captain got his ten o'clock coffee even if it was during an air attack, like another mess-boy, Fook Liang, fighting fires and getting hot soup and buckets of ice for the wounded seemingly from nowhere, it was "Bull" Aschenbrenner, the man who could "eviscerate a barroom" and who died of bilge gas in the hold during the stay in Durban, and it was above all the officers and men under Captain Robinson who kept the ship afloat through three Japanese air attacks and brought her across 8000 sea miles to Simonstown in South Africa for the badly needed dry-docking. And then the glorious day of sailing into New York Harbor with a sense of a duty well done at the cost of 15 dead and manifold risks for the rest. Said gob Eddie speaking over the phone "Gee Mom I just said it was me and I'm in the States and O.K. What you crying about?" and then he cried too for only than he fully realised what he had been standing up to.

On the whole, if the reader wants to find out what happens to a fighting ship when it is torpedoed, or how officers like Captain Robinson, Commander Van Bergen or the others, who never saw action before, shape under fire, this is the book to read when books will start arriving again—only to be "pirated."

Sales & Service

Directed By

NEW CHINA MOTORS

336 Avenue du Roi Albert

Telephones: 71751, 79021

裕華化學工業股份有限公司

CHINA CHEMICAL PRODUCTS COMPANY, LIMITED.

Manufacturers of:

皂香油欖 Olivoil Toilet Soap

皂香星銀新 Movie Star Beauty Soap

片皂華裕 Beauty Soap Flakes

皂肥華裕 Lucky Star Laundry Soap

皂鬚檳香 Champion Shaving Tablet

Orders for Medical and Other Special Soaps Accepted

188 Edinburgh Road, Shanghai Telephone 21739

The Central Bank of China

BANKS' BAK

HEAD OFFICE:

CHUNGKING

SHANGHAI OFFICE:

The Bund — Cables: "Governbank"

BRANCHES:

Shanghai	Peiping	Ipin
Hanghsien (Yungkang)	Nanchang	Yaan
Ningpo	Kian	Kiangtsing
Chuhsien	Linchwan	Nankiang
Amoy	Chengchow	Tzeliutsing
Foochow	Kaifeng (Nanyang)	Nanpu
Tsinkiang	Loyang	Mienyang
Nanping	Sian	Loshan
Chienou	Nangcheng	Kwangyuan
Puchen	Lanchow	Santai
Santuau	Tienshui	Ichang
Kulangsu	Kweiyang	Hankow
Canton	Panhsien	Changsha
Swatow	Kunming	Changteh
Kongmoon	Mengtsz	Lingling
Wuchow	Chungking	Hengyang
Kweilin	Chengtu	
Tientsin	Wanhsien	

FOREIGN CORRESPONDENTS:

New York, London, Paris, Geneva and Hongkong

京滬線 NANKING SHANGHAI LINE

TIME TABLE

44	24	2	22	42	74	4	車次 TRAIN NO.		73	41	43	23	1	21	3
4th Class	3rd Class	Exp.	Fast	2,3 Local	2,3 Local	Night Exp.	站名 STATIONS		2,3 Local	2,3 Local	4th Class	3rd Class	Exp.	Fast	Night Exp.
1.00	7.00	9.00	11.00	15.00	18.00	21.00	D 上海 SHANGHAI	A	10.45	12.10	13.30	18.40	16.30	19.35	6.30
2.36	8.39	10.07	12.12	16.57	19.53	22.33	A 崑山 QUINSAN	D	8.45	10.14	11.35	17.01	15.20	18.13	5.16
2.41	8.42	10.12	12.16	17.10	19.56	22.38	D 崑山 QUINSAN	A	8.37	10.10	11.30	16.54	15.15	18.08	5.11
3.41	9.47	10.56	13.00	18.37	20.52	23.38	A 吳縣 WUHSIEN	D	7.29	9.00	10.05	15.50	14.30	17.23	4.20
4.13	9.56	11.06	13.15	18.46	21.00	23.50	D 吳縣 WUHSIEN	A	7.17	8.54	9.44	15.39	14.21	17.14	4.11
5.23	11.07	11.57	14.25	20.02	22.00	0.48	A 無錫 WUSIH	D	6.00	7.41	8.30	14.28	13.31	16.19	3.14
5.43	11.18	12.05	14.35	20.11		1.00	D 無錫 WUSIH	A		7.35	8.19	14.17	13.23	16.12	3.05
7.03	12.23	13.02	15.46	21.30		1.58	A 武進 WUCHIN	D		6.20	7.05	13.05	12.27	15.10	2.00
7.22	12.50	13.15	16.00			2.13	D 武進 WUCHIN	A			6.30	12.36	12.12	14.54	1.39
8.47	14.49	14.11	17.01			3.19	A 丹陽 TANYANG	D			5.05	10.29	11.18	13.39	0.20
8.52	15.00	14.16	17.05			3.24	D 丹陽 TANYANG	A			4.54	10.24	11.14	13.34	0.13
9.55	15.55	14.54	17.43			4.10	A 鎮江 CHINKIANG	D			3.40	9.30	10.36	12.56	23.17
10.30	16.10	15.07	17.51			4.22	D 鎮江 CHINKIANG	A			3.17	9.12	10.25	12.41	23.05
13.10	18.20	16.30	19.25			6.00	A 南京 NANKING	D			1.00	7.00	9.00	11.00	21.00

FARE LIST

STATIONS 站名		Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express	
SHANGHAI	上海							
QUINSAN	崑山	52	540.00	720.00	360.00	450.00	180.00	225.00
WUHSIEN	吳縣	86	810.00	990.00	540.00	630.00	270.00	315.00
WUSIH	無錫	129	1,170.00	1,530.00	780.00	950.00	390.00	480.00
WUCHIN	武進	167	1,530.00	1,890.00	1,020.00	1,200.00	510.00	600.00
TANYANG	丹陽	212	1,980.00	2,520.00	1,320.00	1,590.00	660.00	795.00
CHINKIANG	鎮江	242	2,250.00	2,790.00	1,500.00	1,770.00	750.00	885.00
NANKING	南京	311	2,880.00	3,600.00	1,920.00	2,280.00	960.00	1,140.00

滬杭線 SHANGHAI HANGCHOW LINE

TIME TABLE

11	61	31	車次 TRAIN NO	32	12	62
Express	2,3,4 Class	2,3 Class	站名 STATIONS	2,3 Class	Express	2,3,4 Class
7.00	7.50	15.15	D 上海北站 SHANGHAI NORTH A	13.45	19.30	22.35
7.15	8.09	15.35	A 上海西站 SHANGHAI WEST D	13.25	19.15	22.16
7.25	8.19	15.49	D 上海西站 SHANGHAI WEST A	13.20	19.05	22.11
8.14	8.24	16.45	A 松江 SUNGKIANG D	12.12	18.16	21.07
8.19	8.30	16.50	D 松江 SUNGKIANG A	12.07	18.11	21.02
9.50	11.04	18.28	A 嘉興 KASHING D	10.38	17.00	19.35
9.42	11.13	18.40	D 嘉興 KASHING A	10.26	16.48	19.25
10.16	11.52	19.19	A 峽石 HASHA D	9.38	16.14	18.42
10.18	11.54	19.21	D 峽石 HASHA A	9.36	16.12	18.40
10.53	12.39	20.07	A 長安 CHANGAN D	8.51	15.37	17.51
10.58	12.44	20.14	D 長安 CHANGAN A	8.46	15.32	17.46
12.00	14.00	21.30	A 杭州 HANGCHOW D	7.30	14.30	16.30

FARE LIST

STATIONS 站名		Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express	
SHANGHAI	上海							
SUNGKIANG	松江	45	450.00	682.00	300.00	290.00	150.00	495.00
KASHING	嘉興	99	900.00	1,080.00	600.00	690.00	300.00	345.00
HASHA	峽石	125	1,170.00	1,530.00	780.00	960.00	390.00	480.00
CHANGAN	長安	151	1,440.00	1,800.00	960.00	1,140.00	480.00	570.00
HANGCHOW	杭州	190	1,710.00	2,070.00	1,140.00	1,320.00	570.00	660.00

華中鐵路管理委員會
CENTRAL CHINA RAILWAY ADMINISTRATIVE COMMISSION

PRINTED BY THE MERCURY PRESS